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*Committee on Employment and Social Affairs  
Committee on the Environment, Public Health and Food Safety*

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**2021/0206(COD)**

18.1.2022

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## **DRAFT REPORT**

on the proposal for a regulation of the European Parliament and of the Council  
establishing a Social Climate Fund  
(COM(2021)0568 – C9-0324/2021 – 2021/0206(COD))

Committee on Employment and Social Affairs  
Committee on the Environment, Public Health and Food Safety

Rapporteurs: David Casa, Esther de Lange

Rapporteurs for the opinion (\*):  
Margarida Marques, Committee on Budgets

(\*) Associated committees – Rule 57 of the Rules of Procedure

(Joint committee procedure – Rule 58 of the Rules of Procedure)

### ***Symbols for procedures***

- \* Consultation procedure
- \*\*\* Consent procedure
- \*\*\*I Ordinary legislative procedure (first reading)
- \*\*\*II Ordinary legislative procedure (second reading)
- \*\*\*III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

### ***Amendments to a draft act***

#### **Amendments by Parliament set out in two columns**

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

#### **Amendments by Parliament in the form of a consolidated text**

New text is highlighted in ***bold italics***. Deletions are indicated using either the ▬ symbol or strikeout. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

## CONTENTS

	<b>Page</b>
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION .....	5
EXPLANATORY STATEMENT .....	56



## DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a regulation of the European Parliament and of the Council  
establishing a Social Climate Fund  
(COM(2021)0568 – C9-0324/2021 – 2021/0206(COD))**

**(Ordinary legislative procedure: first reading)**

*The European Parliament,*

- having regard to the Commission proposal to Parliament and the Council (COM(2021)0568),
  - having regard to Article 294(2) and Article 91(1), point (d), Article 192(1) and Article 194(1), point (c) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0324/2021),
  - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
  - having regard to the reasoned opinion submitted, within the framework of Protocol No 2 on the application of the principles of subsidiarity and proportionality, by the the Swedish Parliament, asserting that the draft legislative act does not comply with the principle of subsidiarity,  
having regard to the opinion of the European Economic and Social Committee of ...<sup>1</sup>,
  - having regard to the opinion of the Committee of the Regions of ...<sup>2</sup>,
  - having regard to Rule 59 of its Rules of Procedure,
  - having regard to the report of the Committee on Employment and Social Affairs and the Committee on the Environment, Public Health and Food Safety (A9-0000/2022),
1. Adopts its position at first reading hereinafter set out;
  2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
  3. Instructs its President to forward its position to the Council, the Commission and the national parliaments;

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<sup>1</sup> [OJ C ..., .., p. / Not yet published in the Official Journal]

<sup>2</sup> [OJ C ..., .., p. / Not yet published in the Official Journal]

## Amendment 1

### Proposal for a regulation Recital 9

*Text proposed by the Commission*

(9) However, resources are needed to finance those investments. In addition, before they have taken place, the cost supported by households and transport users for heating, cooling and cooking, as well as for road transport, is likely to increase as fuel suppliers subject to the obligations under the emission trading for buildings and road transport pass on costs on carbon to the consumers.

*Amendment*

(9) However, resources are needed to finance those investments. In addition, before they have taken place, the cost supported by households and transport users for heating, cooling and cooking, as well as for road transport, is likely to increase as fuel suppliers subject to the obligations under the emission trading for buildings and road transport pass on costs on carbon to the consumers. ***The costs passed on by fuel suppliers to final consumers can differ for each company, region or Member State. The Commission should therefore collect data on the share of costs absorbed by fuel suppliers and the share of costs passed on to final consumers and should annually report its findings to Parliament.***

Or. en

## Amendment 2

### Proposal for a regulation Recital 10

*Text proposed by the Commission*

(10) The increase in the price for fossil fuels may disproportionately affect vulnerable households, vulnerable micro-enterprises and vulnerable transport users who spend a larger part of their incomes on energy and transport, who, in certain regions, do not have access to alternative, affordable mobility and transport solutions and who may lack the financial capacity to invest into the reduction of fossil fuel

*Amendment*

(10) The increase in the price for fossil fuels may disproportionately affect vulnerable households, vulnerable micro-enterprises, ***vulnerable small and medium-sized enterprises (SMEs)*** and vulnerable transport users who spend a larger part of their incomes on energy and transport, who, in certain regions, ***including in rural, insular, mountainous, remote and less accessible areas or for less developed***

consumption.

*regions or territories, including less developed peri-urban areas*, do not have access to alternative, affordable mobility and transport solutions and who may lack the financial capacity to invest into the reduction of fossil fuel consumption.

Or. en

### Amendment 3

#### Proposal for a regulation

##### Recital 11

*Text proposed by the Commission*

(11) Therefore, **a part of** the revenues generated by the inclusion of building and road transport into the scope of Directive 2003/87/EC should be used to address the social impacts arising from that inclusion, for the transition to be just and inclusive, leaving no one behind.

*Amendment*

(11) Therefore, the revenues generated by the inclusion of building and road transport into the scope of Directive 2003/87/EC should be used to address the social impacts arising from that inclusion, for the transition to be just and inclusive, leaving no one behind.

Or. en

### Amendment 4

#### Proposal for a regulation

##### Recital 12

*Text proposed by the Commission*

(12) This is even more relevant in view of the existing levels of energy poverty. Energy poverty is a situation in which households **are unable to** access essential energy services **such as** cooling, **as temperatures rise, and heating**. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6.9% of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey<sup>32</sup>. Overall, the Energy Poverty

*Amendment*

(12) This is even more relevant in view of the existing levels of energy poverty. Energy poverty is a situation in which households **lack access to** essential energy services **that underpin a decent standard of living and health, including adequate warmth, cooling, lighting, and energy to power appliances, in the relevant national context, and in the relevant existing social policy and other relevant policies, often as a result of facing a high share of energy expenditure as part of their disposable**

Observatory estimates that more than 50 million households in the European Union experience energy poverty. Energy poverty is therefore a major challenge for the Union. While social tariffs or direct income support can provide immediate relief to households facing energy poverty, only targeted structural measures, in particular energy renovations, can provide lasting solutions.

*income*. About 34 million Europeans reported an inability to keep their homes adequately warm in 2018, and 6.9% of the Union population have said that they cannot afford to heat their home sufficiently in a 2019 EU-wide survey<sup>32</sup>. Overall, the Energy Poverty Observatory estimates that more than 50 million households in the European Union experience energy poverty. Energy poverty is therefore a major challenge for the Union. ***Despite the importance of that challenge having been acknowledged at Union level for over a decade through various initiatives, legislation and guidelines, there is no standard Union-level definition of energy poverty and only one third of Member States have put in place a national definition of energy poverty. As a result, no transparent and comparable data on energy poverty in the Union is available. Therefore, a Union-level definition should be established to effectively address energy poverty and measure progress across Member States.*** While social tariffs or direct income support can provide immediate relief to households facing energy poverty, only targeted structural measures, in particular energy renovations, can provide lasting solutions.

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<sup>32</sup> Data from 2018. Eurostat, SILC [ilc\_mdcs01]).

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<sup>32</sup> Data from 2018. Eurostat, SILC [ilc\_mdcs01]).

Or. en

## Amendment 5

### Proposal for a regulation Recital 12 a (new)

*Text proposed by the Commission*

*Amendment*

***(12a) Particular attention needs to be paid to tenants in the private rental***

*market. Those tenants include vulnerable households in energy poverty or households, including lower middle-income ones, that are significantly affected by the price impacts of increased heating costs or by higher rental prices following renovation, but are not in a position to renovate the building they occupy. As part of their Social Climate Plans, Member States should therefore develop, in consultation with landlords and the private sector, specific measures and investments to support vulnerable tenants on the private rental market, for example by considering national schemes or voucher schemes aimed at tenants in the private rental sector, to make renovation measures and contribute to the Union's climate targets. As part of the biennial reporting and evaluation of the measures and investments implemented by the Member States, the Commission should assess their impact and effectiveness to support vulnerable tenants in the private rental market. In the absence of positive results, that assessment should be accompanied by a Commission initiative where appropriate, in consultation with the Member States and representatives of the private rental market, to address the situation of vulnerable tenants on the private rental market.*

Or. en

## **Amendment 6**

### **Proposal for a regulation Recital 12 b (new)**

*Text proposed by the Commission*

*Amendment*

*(12b) Transport poverty has been underexposed and no clear definitions are available at Union or national level. However, the problem is becoming more*

*pressing to address as a result of the increasing phase-out requirements for combustion engine vehicles, high fuel prices, or high dependencies on transport availability, accessibility and costs to go to work or for daily mobility needs due to living in rural, insular, mountainous, remote and less accessible areas or for less developed regions or territories, including less developed peri-urban areas.*

Or. en

## Amendment 7

### Proposal for a regulation

#### Recital 13

##### *Text proposed by the Commission*

(13) A Social Climate ('the Fund') should therefore be established to provide funds to the Member States to support their policies to address the social impacts of the emissions trading for buildings and road transport on vulnerable households, vulnerable micro-enterprises and vulnerable transport users. This should be achieved notably through temporary income support and measures and investments intended to reduce reliance on fossil fuels through increased energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration of energy from renewable sources, and granting improved access to zero- and low-emission mobility and transport to the benefit of vulnerable households, vulnerable micro-enterprises and vulnerable transport users.

##### *Amendment*

(13) A Social Climate **Fund** ('the Fund') should therefore be established to provide funds to the Member States to support their policies to address the social impacts of the emissions trading for buildings and road transport on vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** and vulnerable transport users. This should be achieved notably through temporary income support and measures and investments intended to reduce reliance on fossil fuels through increased energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration of energy from renewable sources, and granting improved access to zero- and low-emission mobility and transport to the benefit of vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** and vulnerable transport users.

Or. en

## Amendment 8

### Proposal for a regulation Recital 14

*Text proposed by the Commission*

(14) For that purpose, each Member State should submit to the Commission a Social Climate Plan ('the Plan'). Those Plans should pursue two objectives. Firstly, they should provide vulnerable households, vulnerable micro-enterprises and vulnerable transport users the necessary resources to finance and carry out investments in energy efficiency, decarbonisation of heating and cooling, in zero- and low-emission vehicles and mobility. Secondly, they should mitigate the impact of the increase in the cost of fossil fuels on the most vulnerable and thereby prevent energy and transport poverty during the transition period until such investments have been implemented. The Plans should have an investment component promoting the long-term solution of reduce fossil fuels reliance and could envisage other measures, including temporary direct income support to mitigate adverse income effects in the shorter term.

*Amendment*

(14) For that purpose, each Member State should submit to the Commission a Social Climate Plan ('the Plan'). Those Plans should pursue two objectives. Firstly, they should provide vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** and vulnerable transport users the necessary resources to finance and carry out investments in energy efficiency, decarbonisation of heating and cooling, in zero- and low-emission vehicles and mobility. Secondly, they should mitigate the impact of the increase in the cost of fossil fuels on the most vulnerable and thereby prevent energy and transport poverty during the transition period until such investments have been implemented. The Plans should have an investment component promoting the long-term solution of reduce fossil fuels reliance and could envisage other measures, including temporary direct income support to mitigate adverse income effects in the shorter term.

Or. en

## Amendment 9

### Proposal for a regulation Recital 14 a (new)

*Text proposed by the Commission*

*Amendment*

***(14a) The Plans submitted by the Member States should address the lack of workforce needed for all stages of the green transition, including craftsmen as well as high-skilled green technology experts, applied scientists and innovators.***

*The Plans should therefore provide for reskilling and upskilling of workers to establish better opportunities for specialised craftsmen and high-skilled experts, in particular in jobs related to building renovation, such as the integration of energy from renewable sources, such as solar power and photovoltaic panels, insulation and installation of heat pumps, and alternative fuel infrastructure deployment, such as the deployment of charging stations for electric vehicles. Those measures and investments should feed into the relevant actions and programmes of the Member States for training, reskilling and upskilling as part of their implementation of the European Social Fund Plus established by Regulation (EU) 2021/1057 of the European Parliament and of the Council<sup>1a</sup> and of their territorial just transition plans under the Just Transition Fund established by Regulation (EU) 2021/1056 of the European Parliament and of the Council<sup>1b</sup>.*

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<sup>1a</sup> *Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21)*

<sup>1b</sup> *Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).*

Or. en

## **Amendment 10**

### **Proposal for a regulation Recital 15**

*Text proposed by the Commission*

(15) Member States, in consultation with regional level authorities, are best placed to design and to implement Plans that are adapted and targeted to their local, regional and national circumstances as their existing policies in the relevant areas and planned use of other relevant EU funds. In that manner, the broad diversity of situations, the specific knowledge of local and regional governments, research and innovation and industrial relations and social dialogue structures, as well as national traditions, can best be respected and contribute to the effectiveness and efficiency of the overall support to the vulnerable.

*Amendment*

(15) Member States, in consultation with ***social partners and regional and local*** level authorities, are best placed to design and to implement Plans that are adapted and targeted to their local, regional and national circumstances as their existing policies in the relevant areas and planned use of other relevant EU funds. In that manner, the broad diversity of situations, the specific knowledge of local and regional governments, research and innovation and industrial relations and social dialogue structures, as well as national traditions, can best be respected and contribute to the effectiveness and efficiency of the overall support to the vulnerable ***and to the scaling up of projects developed by local and regional authorities, social partners and socio-economic actors.***

Or. en

## **Amendment 11**

### **Proposal for a regulation**

#### **Recital 16**

*Text proposed by the Commission*

(16) Ensuring that the measures and investments are particularly targeted towards energy poor or vulnerable households, vulnerable micro-enterprises and vulnerable transport users is key for a just transition towards climate neutrality. Support measures to promote reductions in greenhouse gas emissions should help Member States to address the social impacts arising from the emissions trading for the sectors of buildings and road transport.

*Amendment*

(16) Ensuring that the measures and investments are particularly targeted towards energy poor or vulnerable households, vulnerable micro-enterprises, ***vulnerable SMEs*** and vulnerable transport users is key for a just transition towards climate neutrality. Support measures to promote reductions in greenhouse gas emissions should help Member States to address the social impacts arising from the emissions trading for the sectors of buildings and road transport.

Or. en

## Amendment 12

### Proposal for a regulation

#### Recital 17

*Text proposed by the Commission*

(17) Pending the impact of those investments on reducing costs and emissions, well targeted direct income support for the most vulnerable would help the just transition. Such support should be understood to be a temporary measure accompanying the decarbonisation of the housing and transport sectors. It would not be permanent as it does not address the root causes of energy and transport poverty. Such support should only concern direct impacts of the inclusion of building and road transport into the scope of Directive 2003/87/EC, not electricity or heating costs related to the inclusion of power and heat production in the scope of that Directive. **Eligibility for such** direct income support should be limited in time.

*Amendment*

(17) Pending the impact of those investments on reducing costs and emissions, well targeted direct income support for the most vulnerable would help the just transition. Such support should be understood to be a temporary **and transitional** measure accompanying the decarbonisation of the housing and transport sectors. It would not be permanent as it does not address the root causes of energy and transport poverty. Such support should only concern direct impacts of the inclusion of building and road transport into the scope of Directive 2003/87/EC, not electricity or heating costs related to the inclusion of power and heat production in the scope of that Directive. **Such** direct income support should be limited **to a maximum of 25 % of the total expenditure of the Plans and should be limited** in time **to three years**.

Or. en

## Amendment 13

### Proposal for a regulation

#### Recital 20

*Text proposed by the Commission*

(20) Member States should submit their Plans together with the update of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>35</sup>. The Plans should include the measures to

*Amendment*

(20) Member States should submit their Plans together with the update of their integrated national energy and climate plans in accordance with Article 14 of Regulation (EU) 2018/1999 of the European Parliament and of the Council<sup>35</sup>, **where relevant following the consultation**

be financed, their estimated costs and the national contribution. They should also include key milestones and targets to assess the effective implementation of the measures.

*of social partners and regional and local authorities.* The Plans should include the measures to be financed, their estimated costs and the national contribution. They should also include key milestones and targets to assess the effective implementation of the measures.

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<sup>35</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

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<sup>35</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

Or. en

## Amendment 14

### Proposal for a regulation

#### Recital 21

##### *Text proposed by the Commission*

(21) The Fund and the Plans should be coherent with and framed by the reforms planned and the commitments made by the Member States under their updated integrated national energy and climate plans in accordance with Regulation (EU) 2018/1999, under Directive [yyyy/nnn] of the European Parliament and the Council [Proposal for recast of Directive 2012/27/EU on energy efficiency]<sup>36</sup>, the European Pillar of Social Rights Action Plan<sup>37</sup>, the European Social Fund Plus (ESF+) **established by Regulation (EU)**

##### *Amendment*

(21) The Fund and the Plans should be coherent with and framed by the reforms planned and the commitments made by the Member States under their updated integrated national energy and climate plans in accordance with Regulation (EU) 2018/1999, under Directive [yyyy/nnn] of the European Parliament and the Council [Proposal for recast of Directive 2012/27/EU on energy efficiency]<sup>36</sup>, the European Pillar of Social Rights Action Plan<sup>37</sup>, the European Social Fund Plus (ESF+), the **Modernisation Fund**

**2021/1057 of the European Parliament and of the Council<sup>38</sup>**, the Just Transition Plans **pursuant to Regulation (EU) 2021/1056 of the European Parliament and of the Council<sup>39</sup>** and the Member States long-term buildings renovation strategies pursuant to Directive 2010/31/EU of the European Parliament and of the Council<sup>40</sup>. To ensure administrative efficiency, where applicable, the information included in the Plans should be consistent with the legislation and plans listed above.

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<sup>36</sup> [Add ref]

<sup>37</sup> Endorsed by the European Council on 24 and 25 June 2021.

<sup>38</sup> **Regulation (EU) 2021/1057 of the European Parliament and of the Council of 24 June 2021 establishing the European Social Fund Plus (ESF+) and repealing Regulation (EU) No 1296/2013 (OJ L 231, 30.6.2021, p. 21).**

<sup>39</sup> **Regulation (EU) 2021/1056 of the European Parliament and of the Council of 24 June 2021 establishing the Just Transition Fund (OJ L 231, 30.6.2021, p. 1).**

<sup>40</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

**established by Directive 2003/87/EC, the** Just Transition Plans and the Member States long-term buildings renovation strategies pursuant to Directive 2010/31/EU of the European Parliament and of the Council<sup>40</sup>. To ensure administrative efficiency, where applicable, the information included in the Plans should be consistent with the legislation and plans listed above.

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<sup>36</sup> [Add ref]

<sup>37</sup> Endorsed by the European Council on 24 and 25 June 2021.

<sup>40</sup> Directive 2010/31/EU of the European Parliament and of the Council of 19 May 2010 on the energy performance of buildings (OJ L 153, 18.6.2010, p. 13).

Or. en

## **Amendment 15**

### **Proposal for a regulation Recital 23**

*Text proposed by the Commission*

(23) The financial envelope of the Fund should, in principle, be commensurate to

*Amendment*

(23) The financial envelope of the Fund should, in principle, be commensurate to

amounts corresponding to 25% of the expected revenues from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC in the period 2026-2032. ***Pursuant to Council Decision (EU, Euratom) 2020/2053<sup>41</sup>, Member States should make those revenues available to the Union budget as own resources.*** Member States are to finance 50% of the total costs of their ***Plan*** themselves. For this purpose, as well as for investment and measures to accelerate and alleviate the required transition for citizens negatively affected, Member States should ***inter alia*** use their expected revenues from emissions trading for buildings and road transport under Directive 2003/87/EC for that purpose.

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<sup>41</sup> Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).

amounts corresponding to 25% of the expected revenues from the inclusion of buildings and road transport into the scope of Directive 2003/87/EC in the period 2026-2032. Those ***auction*** revenues ***should constitute external assigned revenue in accordance with Article 21(5) of the Financial Regulation.*** Member States are to finance ***a significant share*** of the total costs of their ***Plans*** themselves, ***corresponding to at least 60 % for temporary direct income support and at least 50 % for targeted structural measures and investments.*** ***By way of derogation, it should be possible for the national co-financing share for targeted structural measures and investments to be limited to 40 % for Member States that are eligible for a top-up from the Modernisation Fund.*** For this purpose, as well as for investment and measures to accelerate and alleviate the required transition for citizens negatively affected, Member States should use their expected revenues from emissions trading for buildings and road transport under Directive 2003/87/EC for that purpose.

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<sup>41</sup> Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).

Or. en

## Amendment 16

### Proposal for a regulation

#### Recital 25

*Text proposed by the Commission*

(25) In order to ensure an efficient and coherent allocation of funds and to respect

*Amendment*

(25) In order to ensure an efficient and coherent allocation of funds and to respect

the principle of sound financial management, actions under this Regulation should be consistent with and be complementary to ongoing Union programmes, whilst avoiding **double funding from** the Fund **and** other Union programmes for the same expenditure. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding. To that effect, Member States should be required to present the relevant information on existing or planned Union financing when submitting their plans to the Commission. Financial support under the Fund should be additional to the support provided under other Union programmes and instruments. Measures and investment financed under the Fund should be able to receive funding from other Union programmes and instruments provided that such support does not cover the same costs.

the principle of sound financial management, actions under this Regulation should be consistent with and be complementary to ongoing Union, **national and, where appropriate, regional programmes, instruments and funds**, whilst avoiding **that** the Fund **substitutes** other Union programmes for the same expenditure. In particular, the Commission and the Member State should ensure, in all stages of the process, effective coordination in order to safeguard the consistency, coherence, complementarity and synergy among sources of funding **and promote evidence-based policy-making, social innovation in partnership with the social partners and public and private bodies**. To that effect, Member States should be required to present the relevant information on existing or planned Union financing when submitting their plans to the Commission. Financial support under the Fund should be additional to the support provided under other Union programmes and instruments. Measures and investment financed under the Fund should be able to receive funding from other Union programmes and instruments provided that such support does not cover the same costs.

Or. en

## Amendment 17

### Proposal for a regulation Recital 25 a (new)

*Text proposed by the Commission*

*Amendment*

***(25a) To ensure that support under the Plans can be effectively implemented from the initial years starting from the entry into force of the Social Climate Fund, it should be possible for an amount of up to 13 % of the financial contribution of Member States to be paid in the form of***

## Amendment 18

### Proposal for a regulation

#### Recital 29

##### *Text proposed by the Commission*

(29) For the purpose of sound financial management, while respecting the performance-based nature of the Fund, specific rules should be laid down for budget commitments, payments, suspension, and recovery of funds as well as for the termination of agreements related to financial support. The Member States should take appropriate measures to ensure that the use of funds in relation to measures supported by the Fund complies with applicable Union and national law. Member States must ensure that such support is granted in compliance with the EU State aid rules, where applicable. In particular, they should ensure that fraud, corruption and conflicts of interests are prevented, detected and corrected, and that double funding from the Fund and other Union programmes is avoided. Suspension and the termination of agreements related to financial support as well as reduction and recovery of the financial allocation should be possible when the Plan has not been implemented in a satisfactory manner by the Member State concerned, or in the case of serious irregularities, meaning fraud, corruption and conflicts of interest in relation to the measures supported by the Fund, or a serious breach of an obligation under the agreements related to financial support. Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension and recovery of amounts paid as well as the termination of

##### *Amendment*

(29) For the purpose of sound financial management, while respecting the performance-based nature of the Fund, specific rules should be laid down for budget commitments, payments, suspension, and recovery of funds as well as for the termination of agreements related to financial support. The Member States should take appropriate measures to ensure that the use of funds in relation to measures supported by the Fund complies with applicable Union and national law. Member States must ensure that such support is granted in compliance with the EU State aid rules, where applicable. In particular, they should ensure that fraud, corruption and conflicts of interests are prevented, detected and corrected, and that double funding from the Fund and other Union programmes is avoided. Suspension and the termination of agreements related to financial support as well as reduction and recovery of the financial allocation should be possible when the Plan has not been implemented in a satisfactory manner by the Member State concerned, or in the case of serious irregularities, meaning fraud, corruption and conflicts of interest in relation to the measures supported by the Fund, or a serious breach of an obligation under the agreements related to financial support. ***In the case of the termination of agreements related to financial support or the reduction and recovery of the financial allocation, these amounts should be proportionally allocated to the***

agreements related to financial support respects the right of Member States to submit observations.

*other Member States.* Appropriate contradictory procedures should be established to ensure that the decision by the Commission in relation to suspension and recovery of amounts paid as well as the termination of agreements related to financial support respects the right of Member States to submit observations.

Or. en

## Amendment 19

### Proposal for a regulation Recital 29 a (new)

*Text proposed by the Commission*

*Amendment*

***(29a) All Member States which benefit from the Social Climate Fund have an obligation to respect the fundamental values enshrined in Article 2 of the Treaty on European Union. Respect for the rule of law is an essential precondition for compliance with the principles of sound financial management enshrined in Article 317 TFEU. The Commission should ensure the effective implementation of the horizontal rules for the protection of the Union budget in the case of breaches of the principles of the rule of law in the Member States in accordance with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council<sup>1a</sup>. Where it is established that breaches of the principles of the rule of law in a Member State affect or seriously risk affecting the sound financial management of the Social Climate Fund or the protection of the financial interests of the Union in a sufficiently direct way, the Commission should take the necessary measures, which may include, among others, a suspension of payments, termination of the legal commitment within the meaning of the Regulation (EU, Euratom)***

***2018/1046 of the European Parliament and of the Council<sup>1b</sup>, a prohibition on entering into such legal commitments, or a suspension of the disbursement of instalments. When the Commission decides, in accordance with Regulation (EU, Euratom) 2020/2092, on a repayment, reduction or termination of the legal commitment or financial allocation, these amounts should be proportionally allocated to all other Member States.***

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***<sup>1a</sup> Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433I, 22.12.2020, p. 1).***

***<sup>1b</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).***

Or. en

## **Amendment 20**

### **Proposal for a regulation Article 1 – paragraph 3**

*Text proposed by the Commission*

The measures and investments supported by the Fund shall benefit households, micro-enterprises and transport users, which are vulnerable and particularly affected by the inclusion of greenhouse gas

*Amendment*

The measures and investments supported by the Fund shall benefit households, micro-enterprises, **SMEs** and transport users, which are vulnerable and particularly affected by the inclusion of

emissions from buildings and road transport into the scope of Directive 2003/87/EC, especially households in energy poverty and citizens *without public transport alternative to individual cars (in remote and rural areas)*.

greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC, especially households in energy poverty and citizens *in transport poverty*.

Or. en

## Amendment 21

### Proposal for a regulation Article 1 – paragraph 4

#### *Text proposed by the Commission*

The general objective of the Fund is to contribute to the transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC. The specific objective of the Fund is to support vulnerable households, vulnerable micro-enterprises and vulnerable transport users through temporary direct income support and through measures and investments intended to increase energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration of energy from renewable sources, and granting improved access to zero- and low-emission mobility and transport.

#### *Amendment*

The general objective of the Fund is to contribute to the transition towards climate neutrality by addressing the social impacts of the inclusion of greenhouse gas emissions from buildings and road transport into the scope of Directive 2003/87/EC. The specific objective of the Fund is to support vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** and vulnerable transport users through temporary direct income support and through measures and investments intended to increase energy efficiency of buildings, decarbonisation of heating and cooling of buildings, including the integration of energy from renewable sources, and granting improved access to zero- and low-emission mobility and transport.

Or. en

## Amendment 22

### Proposal for a regulation Article 2 – paragraph 1 – point 2

*Text proposed by the Commission*

(2) ‘energy poverty’ means energy **poverty as defined in point [(49)] of Article 2 of Directive (EU) [yyyy/nnn] of the of the European Parliament and of the Council**<sup>50</sup> ;

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<sup>50</sup> [Directive (EU) [yyyy/nnn] of the of the European Parliament and of the Council (OJ C [...], [...], p. [...]).] [Proposal for recast of Directive 2012/27/EU on energy efficiency]

*Amendment*

(2) ‘energy poverty’ means **poverty affecting households in the lowest income deciles whose energy costs exceed twice the median ratio between energy costs and disposable income after deduction of housing costs;**

Or. en

## **Amendment 23**

### **Proposal for a regulation**

#### **Article 2 – paragraph 1 – point 2 a (new)**

*Text proposed by the Commission*

*Amendment*

(2a) ‘transport poverty’ means **poverty affecting households that have a high share of mobility expenditure to disposable income or a limited availability of affordable public or alternative modes of transport required to meet essential socio-economic needs, with a particular focus on households in rural, insular, mountainous, remote and less accessible areas or less developed regions or territories, including less developed peri-urban areas, caused by one or a combination of the following factors: high fuel expenditures, the phase-out of internal combustion engine cars, high costs for the replacement of internal combustion engine cars with zero-emission cars, high costs or lack of availability of adequate, affordable public or alternative modes of transport;**

## Amendment 24

### Proposal for a regulation

#### Article 2 – paragraph 1 – point 9 a (new)

*Text proposed by the Commission*

*Amendment*

***(9a) ‘small or medium-sized enterprise’ or ‘SME’ means a small or medium-sized enterprise as defined in Article 2 of the Annex to Commission Recommendation 2003/361/EC;***

Or. en

## Amendment 25

### Proposal for a regulation

#### Article 2 – paragraph 1 – point 12

*Text proposed by the Commission*

*Amendment*

(12) ‘vulnerable micro-enterprises’ means micro-enterprises that are significantly affected by the price impacts of the inclusion of buildings into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy;

(12) ‘vulnerable micro-enterprises’ means micro-enterprises that are significantly affected by the price impacts of the inclusion of buildings ***and road transport*** into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy ***or to upgrade road vehicles on which they rely in the course of business;***

Or. en

## Amendment 26

### Proposal for a regulation

#### Article 2 – paragraph 1 – point 12 a (new)

*Text proposed by the Commission*

*Amendment*

***(12a) ‘vulnerable SMEs’ means SMEs that are significantly affected by the price impacts of the inclusion of buildings and road transport into the scope of Directive 2003/87/EC and lack the means to renovate the building they occupy or to upgrade road vehicles on which they rely in the course of business;***

Or. en

## **Amendment 27**

### **Proposal for a regulation Article 2 – paragraph 1 – point 13**

*Text proposed by the Commission*

*Amendment*

(13) ‘vulnerable transport users’ means transport users, including from lower middle-income households, that are significantly affected by the price impacts of the inclusion of road transport into the scope of Directive 2003/87/EC ***and lack the means to purchase zero- and low-emission vehicles or to switch to alternative sustainable modes of transport, including public transport, particularly in rural and remote areas.***

(13) ‘vulnerable transport users’ means transport users, including from lower middle-income households, that are ***at risk of transport poverty and*** significantly affected by the price impacts of the inclusion of road transport into the scope of Directive 2003/87/EC.

Or. en

## **Amendment 28**

### **Proposal for a regulation Article 3 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. Each Member State shall submit to the Commission a Social Climate Plan (‘the Plan’) together with the update to the

1. Each Member State shall submit to the Commission a Social Climate Plan (‘the Plan’) together with the update to the

integrated national energy and climate plan referred to in Article 14(2) of Regulation (EU) 2018/1999 in accordance with the procedure and timeline laid down in that Article. The Plan shall contain a coherent set of measures and investments to address the impact of carbon pricing on vulnerable households, vulnerable micro-enterprises and vulnerable transport users in order to ensure affordable heating, cooling and mobility while accompanying and accelerating necessary measures to meet the climate targets of the Union.

integrated national energy and climate plan referred to in Article 14(2) of Regulation (EU) 2018/1999 in accordance with the procedure and timeline laid down in that Article, ***following, where relevant, the consultation of social partners and regional and local authorities in accordance with national law and practices.*** The Plan shall contain a coherent set of measures and investments to address ***energy and transport poverty, in particular*** the impact of carbon pricing on vulnerable households, vulnerable micro-enterprises, ***vulnerable SMEs*** and vulnerable transport users in order to ensure affordable heating, cooling and mobility while accompanying and accelerating necessary measures to meet the climate targets of the Union.

Or. en

#### *Justification*

*Social partners and regional and local authorities can provide a valuable contribution to the drafting and design of the Plans as they are well placed to understand the specific sectoral and regional situation and needs. Previous experience from other Union funding indicates that the involvement of social partners and regional actors results in more targeted, efficient and successful initiatives and implementation of measures.*

#### **Amendment 29**

##### **Proposal for a regulation**

##### **Article 4 – paragraph 1 – point -a (new)**

*Text proposed by the Commission*

*Amendment*

***(-a) detailed quantitative information on energy and transport poverty concerning the following: the number of vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and vulnerable transport users identified at the start of the Plan, on the basis of the definitions in Article 2;***

Or. en

## *Justification*

*Social Climate Plans should also become tools to measure the level and progress towards the reduction of energy and transport poverty in the Union. Therefore, the Rapporteurs propose to introduce mandatory reporting requirements on the number of households in energy and transport poverty identified at the start of the Plan, together with concrete national targets and objectives to address these. Member States should report on a biennial basis and at the end of the Plans on their progress.*

### **Amendment 30**

#### **Proposal for a regulation**

#### **Article 4 – paragraph 1 – point -a a (new)**

*Text proposed by the Commission*

*Amendment*

***(-aa) national targets and objectives to reduce the number of vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and vulnerable transport users over the duration of the Plan;***

Or. en

### **Amendment 31**

#### **Proposal for a regulation**

#### **Article 4 – paragraph 1 – point a**

*Text proposed by the Commission*

*Amendment*

(a) concrete measures and investments in accordance with Article 3 to **reduce** the effects referred to in point (c) of this paragraph together with an explanation of how they would contribute effectively to the achievement of the objectives set out in Article 1 within the overall setting of a Member State's relevant policies;

(a) concrete measures and investments in accordance with Article 3 to **address** the effects referred to in point (c) of this paragraph together with an explanation of how they would contribute effectively to the achievement of the objectives set out in Article 1 within the overall setting of a Member State's relevant policies;

Or. en

## Amendment 32

### Proposal for a regulation

#### Article 4 – paragraph 1 – point c

*Text proposed by the Commission*

(c) an estimate of the likely effects of that increase in prices on households, and in particular on incidence of energy poverty, on micro-enterprises and on transport users, comprising in particular an estimate and the identification of vulnerable households, vulnerable micro-enterprises and vulnerable transport users; these impacts are to be analysed with a sufficient level of regional disaggregation, taking into account elements such as access to public transport and basic services and identifying the areas mostly affected, particularly territories which are remote and rural;

*Amendment*

(c) an estimate of the likely effects of that increase in prices on households, and in particular on incidence of energy poverty, on micro-enterprises, **on SMEs** and on transport users, comprising in particular an estimate and the identification of vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** and vulnerable transport users; these impacts are to be analysed with a sufficient level of regional disaggregation, taking into account elements such as access to public transport and basic services and identifying the areas mostly affected, particularly territories which are remote and rural;

Or. en

## Amendment 33

### Proposal for a regulation

#### Article 4 – paragraph 1 – point d

*Text proposed by the Commission*

(d) where the Plan provides for measures referred to in Article 3(2), the criteria for the identification of eligible final recipients, the indication of the envisaged time limit for the measures in question and their justification on the basis of a quantitative estimate and a qualitative explanation of how the measures in the Plan are expected to reduce energy and transport poverty and the vulnerability of households, micro-enterprises and transport users to an increase of road transport and heating fuel prices;

*Amendment*

(d) where the Plan provides for measures referred to in Article 3(2), the criteria for the identification of eligible final recipients, the indication of the envisaged time limit for the measures in question and their justification on the basis of a quantitative estimate and a qualitative explanation of how the measures in the Plan are expected to reduce energy and transport poverty and the vulnerability of households, micro-enterprises, **SMEs** and transport users to an increase of road transport and heating fuel prices;

Or. en

## Amendment 34

### Proposal for a regulation

#### Article 4 – paragraph 1 – point e

*Text proposed by the Commission*

(e) envisaged milestones, targets and an indicative timetable for the implementation of the measures and investments to be completed by 31 July 2032;

*Amendment*

(e) envisaged milestones, targets and an indicative timetable for the implementation of the measures and investments to be completed by ***each biennial integrated national energy and climate progress report pursuant to Article 23 and by*** 31 July 2032;

Or. en

## Amendment 35

### Proposal for a regulation

#### Article 4 – paragraph 1 – point i

*Text proposed by the Commission*

(i) the arrangements for the effective monitoring and implementation of the Plan by the Member State concerned, in particular of the proposed milestones and targets, including indicators for the implementation of measures and investments, which, where relevant, shall be those available with the Statistical office of the European Union European Statistical Office and the European Energy Poverty Observatory as identified by Commission Recommendation 2020/1563<sup>54</sup> on energy poverty;

*Amendment*

(i) the arrangements for the effective monitoring and implementation of the Plan by the Member State concerned, ***to be undertaken in close consultation with social partners and regional and local authorities in accordance with national law and practices***, in particular of the proposed milestones and targets, including indicators for the implementation of measures and investments, which, where relevant, shall be those available with the Statistical office of the European Union European Statistical Office and the European Energy Poverty Observatory as identified by Commission Recommendation 2020/1563<sup>54</sup> on energy poverty;

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<sup>54</sup> OJ L 357, 27.10.2020, p. 35.

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<sup>54</sup> OJ L 357, 27.10.2020, p. 35.

## Amendment 36

### Proposal for a regulation

#### Article 5 – paragraph 2 – introductory part

*Text proposed by the Commission*

2. Payment of support shall be conditional upon achieving the milestones and targets for measures and investments set out in the Plans. Those milestones and targets shall be compatible with the Union’s climate targets and cover in particular:

*Amendment*

2. Payment of support shall be conditional upon achieving the milestones and targets for measures and investments set out in the Plans ***in accordance with Article 6***. Those milestones and targets shall be compatible with the Union’s climate targets and cover in particular:

Or. en

*Justification*

*Social Climate Plans should as a priority address social climate measures, rather than general climate measures without a social component, in accordance with the categories listed in Article 6. For the latter, support is provided from ETS 1 national revenues, the Innovation Fund, the Modernisation Fund and other programmes and funds.*

## Amendment 37

### Proposal for a regulation

#### Article 5 – paragraph 2 – point d

*Text proposed by the Commission*

(d) greenhouse gas emissions reductions;

*Amendment*

(d) greenhouse gas emissions reductions ***relating to measures and investments in accordance with Article 6***;

Or. en

## Amendment 38

### Proposal for a regulation

#### Article 5 – paragraph 2 – point e

*Text proposed by the Commission*

(e) reductions in the number of vulnerable households, especially households in energy poverty, of vulnerable micro-enterprises and of vulnerable transport users, including in rural and remote areas.

*Amendment*

(e) reductions in the number of vulnerable households, especially households in energy poverty, of vulnerable micro-enterprises, **vulnerable SMEs** and of vulnerable transport users, including in rural and remote areas.

Or. en

**Amendment 39**

**Proposal for a regulation**  
**Article 6 – paragraph 1**

*Text proposed by the Commission*

1. Member States may include the costs of measures providing temporary direct income support to vulnerable households and vulnerable households that are transport users to absorb the increase in road transport and heating fuel prices. Such support shall decrease over time and be limited to the direct impact of the emission trading for buildings and road transport. **Eligibility for such** direct income support shall **cease within the time limits identified under Article 4(1) point (d)**.

*Amendment*

1. Member States may include the costs of measures providing temporary direct income support, **including reduction of taxes and fees, as a transitional measure** to vulnerable households and vulnerable households that are transport users to absorb the increase in road transport and heating fuel prices. Such support shall decrease over time and be limited to the direct impact of the emission trading for buildings and road transport. **Such** direct income support shall **not exceed 25 % of the total estimated costs of the Plan and shall be limited in time to three years, starting from the date by which the Member State shall apply the provisions of Chapter IVa of Directive 2003/87/EC [(COD)2021/0211] as regards fuels which are used for combustion in private road transport and private heating and cooling of residential buildings**.

Or. en

*Justification*

*Temporary direct income support should be a transitional measure to cover impacts at the start of ETS 2 for private road transport and building heating, until structural measures start*

*resorting effect, and should not stand in the way of structural measures which – contrary to direct income support – not only address the social impacts but also contribute to long-term decarbonization in a structural way. Therefore, the Rapporteurs propose to limit direct income support in time and size.*

## **Amendment 40**

### **Proposal for a regulation**

#### **Article 6 – paragraph 2 – introductory part**

*Text proposed by the Commission*

2. Member States may include the costs of the following measures and investments in the estimated total costs of the Plans, provided they principally benefit vulnerable households, vulnerable micro-enterprises or vulnerable transport users and intend to:

*Amendment*

2. Member States may include the costs of the following measures and investments in the estimated total costs of the Plans, provided they principally benefit vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** or vulnerable transport users and intend to:

Or. en

## **Amendment 41**

### **Proposal for a regulation**

#### **Article 6 – paragraph 2 – point a**

*Text proposed by the Commission*

(a) support building renovations, especially for those occupying worst-performing buildings, including in the form of financial support or fiscal incentives such as deductibility of renovation costs from the rent, independently of the ownership of the buildings concerned;

*Amendment*

(a) support building renovations, especially **for the achievement of the renovation requirements established in Directive .../... [on the energy performance of buildings (recast)]** and for those occupying worst-performing buildings, including in the form of financial support or fiscal incentives such as deductibility of renovation costs from the rent **or specific support for the renovation of social housing**, independently of the ownership of the buildings concerned;

Or. en

## Amendment 42

### Proposal for a regulation

#### Article 6 – paragraph 2 – point b

*Text proposed by the Commission*

(b) contribute to the decarbonisation, including the electrification, of heating and cooling of, and cooking in, buildings and the integration of energy from renewable sources that contribute to the achievements of energy savings;

*Amendment*

(b) contribute to the decarbonisation, including the electrification, of heating and cooling of, and cooking in, buildings and the integration of energy from renewable sources that contribute to the achievements of energy savings, ***such as vouchers, subsidies or zero- and low-interest loans to invest in products and services to increase the energy performance of buildings or to integrate renewable energy sources in buildings;***

Or. en

## Amendment 43

### Proposal for a regulation

#### Article 6 – paragraph 2 – point b a (new)

*Text proposed by the Commission*

*Amendment*

***(ba) provide targeted, accessible and affordable information, education, awareness and advice on cost-effective measures and investments and available support for building renovations and energy efficiency, including through energy audits of buildings;***

Or. en

## Amendment 44

### Proposal for a regulation

#### Article 6 – paragraph 2 – point c

*Text proposed by the Commission*

(c) support public and private entities in developing and providing affordable energy efficiency renovation solutions and appropriate funding instruments in line with the social goals of the Fund;

*Amendment*

(c) support public and private entities, ***in particular public-private cooperation,*** in developing and providing affordable energy efficiency renovation solutions and appropriate funding instruments in line with the social goals of the Fund;

Or. en

**Amendment 45**

**Proposal for a regulation**

**Article 6 – paragraph 2 – point d**

*Text proposed by the Commission*

(d) provide access to zero- and low-emission vehicles and bikes, including financial support or fiscal incentives for their purchase ***as well as*** for appropriate public and private infrastructure, including for recharging and refuelling; for support concerning low-emission vehicles, a timetable for gradually reducing the support shall be provided;

*Amendment*

(d) provide ***financial support or fiscal incentives to improve*** access to zero- and low-emission vehicles and bikes, including financial support or fiscal incentives for their purchase for appropriate public and private infrastructure, including for recharging and refuelling, ***as well as for the development of a second-hand zero- and low-emission vehicle market;*** for support concerning low-emission vehicles, a timetable for gradually reducing the support shall be provided; ***for support concerning the purchase of zero- and low-emission vehicles, the support shall be limited to vehicles falling within the lowest 50 % of the market price range for such vehicles in a Member State in a given year;***

Or. en

**Amendment 46**

**Proposal for a regulation**

**Article 6 – paragraph 2 – point e**

*Text proposed by the Commission*

(e) **grant free access to public transport or adapted tariffs for access to public transport, as well as fostering sustainable mobility *on demand* and shared mobility services;**

*Amendment*

(e) **foster sustainable mobility, including in rural, insular, mountainous, remote and less accessible areas or for less developed regions or territories, including less developed peri-urban areas, for example by incentivising the use of affordable and accessible public transport and shared mobility services;**

Or. en

#### **Amendment 47**

#### **Proposal for a regulation Article 6 – paragraph 2 – point f a (new)**

*Text proposed by the Commission*

*Amendment*

**(fa) support training, upskilling and reskilling of the labour force for jobs in sectors related to the green transition, in particular in jobs related to building renovation and alternative fuel infrastructure deployment; measures and investments under this point shall be consistent with and contribute to the relevant actions included by the Member States in their territorial just transition plans in accordance with Article 8(2), point (k), of Regulation (EU) 2021/1056 or to the relevant actions by the Member States in accordance with the thematic objective in Article 3(2), point (a), of Regulation (EU) No 1304/2013<sup>1a</sup>; measures and investments under this point shall not exceed 10% of the total estimated costs of the Plan.**

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<sup>1a</sup> Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 (OJ L 347,

*Justification*

*To address the social aspects of the green transition, it is crucial to also ensure a sufficiently large workforce trained and skilled to carry out the rapidly increasing amount of building renovations and deployment of alternative fuel infrastructure required. Therefore, the Rapporteurs propose to include this type of targeted training and reskilling in the Plans, but to ensure that it does not displace other key objectives of the Fund and feeds into the Member States broader training and reskilling programmes under the Just Transition Fund and European Social Fund +.*

**Amendment 48**

**Proposal for a regulation**

**Article 6 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

***2a. By 31 July 2023, the Commission shall provide guidance on cost-effective measures and investments in the context of paragraph 2. By 31 July 2026 and every two years thereafter, the Commission shall evaluate the cost-effectiveness of the measures and investments implemented by the Member States as part of their Plans on the basis of the biennial progress report pursuant to Article 23. The Commission shall report on best practices and shall adjust the guidance accordingly.***

**Amendment 49**

**Proposal for a regulation**

**Article 7 – paragraph 1 – introductory part**

*Text proposed by the Commission*

*Amendment*

1. The Fund shall not **support**, and the

1. The Fund shall not **replace**, and the

estimated total costs of Plans shall **not** include measures in the form of direct income support pursuant to Article 3(2) of this Regulation for households already benefiting:

estimated total costs of Plans shall **only** include measures in the form of direct income support pursuant to Article 3(2) of this Regulation **to the extent that these are additional and complementary to the support provided** for households already benefiting:

Or. en

#### *Justification*

*While it is crucial to have safeguards to ensure the revenue spent does not replace existing national spending, it should be possible for support under the Social Climate Fund to complement national support measures and also benefit those households who already receive a form of support today, such as through social energy tariffs, as these are the households who may benefit the most of SCF support.*

#### **Amendment 50**

#### **Proposal for a regulation**

#### **Article 8**

*Text proposed by the Commission*

*Amendment*

#### *Article 8*

*deleted*

#### ***Pass-on of benefits to households, micro-enterprises and transport users***

***Member States may include into the estimated total costs financial support provided to public or private entities other than vulnerable households, vulnerable micro-enterprises and vulnerable transport uses, if those entities carry out measures and investments ultimately benefitting vulnerable households, vulnerable micro-enterprises and vulnerable transport users.***

***Member States shall provide for the necessary statutory and contractual safeguards to ensure that the entire benefit is passed on to the households, micro-enterprises and transport users.***

Or. en

## *Justification*

*Support from the Social Climate Fund should first and foremost benefit households, rather than financial intermediaries like investment agencies or banks, as the latter already receive specific support for cheaper loans in the context of the green transition through the EIB.*

### **Amendment 51**

#### **Proposal for a regulation Article 9 – paragraph 1**

*Text proposed by the Commission*

1. The financial envelope for the implementation of the Fund for the period **2025-2027** shall be EUR 23 700 000 000 in current prices.

*Amendment*

1. The financial envelope for the implementation of the Fund for the period **2024-2027** shall be **at least** EUR 23 700 000 000 in current prices.

Or. en

### **Amendment 52**

#### **Proposal for a regulation Article 9 – paragraph 2**

*Text proposed by the Commission*

2. The financial envelope for the implementation of the Fund for the period 2028-2032 shall be EUR 48 500 000 000 in current prices, ***subject to the availability of the amounts under the annual ceilings of the applicable multiannual financial framework referred to in Article 312 TFEU.***

*Amendment*

2. The financial envelope for the implementation of the Fund for the period 2028-2032 shall be **at least** EUR 48 500 000 000 in current prices.

Or. en

### **Amendment 53**

#### **Proposal for a regulation Article 9 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

**2a. The Fund shall be endowed by:**

**(a) any revenue from the allowances auctioned in accordance with Article 30d of Directive 2003/87/EC**

**[(COD)2021/0211] not allocated to the Member States or the Innovation Fund;**

**(b) additional contributions from the general budget of the Union;**

Or. en

*Justification*

*Any revenue from the application of the polluter-pays-principle to households and SMEs should be used to support them in making the climate transition and becoming more sustainable in their consumption. Therefore, all auctioning revenue from the new ETS allocated at Union level should entirely go to the Social Climate Fund. If carbon prices are lower than expected, the financial envelope shall be guaranteed through the Union budget. If carbon prices are higher than expected, the size of the Social Climate Fund should correspondingly increase.*

#### **Amendment 54**

##### **Proposal for a regulation**

##### **Article 9 – paragraph 2 b (new)**

*Text proposed by the Commission*

*Amendment*

**2b. Endowments to the Fund referred to in point (b) of paragraph 2a shall only be used in the event that endowments to the Fund referred to in point (a) of paragraph 2a have not been sufficient to reach the financial envelope in accordance with paragraphs 1 and 2.**

Or. en

#### **Amendment 55**

##### **Proposal for a regulation**

##### **Article 9 – paragraph 2 c (new)**

*Text proposed by the Commission*

*Amendment*

**2c.** *In the event that endowments to the Fund referred to in point (a) of paragraph 2a are above the target amount of the financial envelope in accordance with paragraphs 1 and 2, the surplus shall remain in the Fund.*

Or. en

## **Amendment 56**

### **Proposal for a regulation Article 12 – paragraph 1**

*Text proposed by the Commission*

*Amendment*

1. Support under the Fund shall be additional to the support provided under other Union funds, programmes and instruments. ***Measures and investments supported under the Fund may receive support from other Union funds, programmes and instruments provided that such support does not cover the same cost.***

1. Support under the Fund shall be additional to the support provided under other Union, ***national and, where appropriate, regional*** funds, programmes and instruments.

Or. en

## **Amendment 57**

### **Proposal for a regulation Article 12 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

**1a.** *Support under the Fund shall be used in synergy, complementarity, coherence and consistency with other funds, programmes and instruments at Union, national and, where appropriate, regional levels, in particular the Modernisation Fund established by*

***Directive 2003/87/EC, the InvestEU Programme, the Technical Support Instrument, the Recovery and Resilience Facility, and the Funds covered by Regulation (EU) 2021/1060.***

Or. en

*Justification*

*It should be possible to use the Social Climate Fund in combination with funds from other funding instruments, including the ones of the EU.*

**Amendment 58**

**Proposal for a regulation  
Article 13 a (new)**

*Text proposed by the Commission*

*Amendment*

***Article 13a***

***Pre-financing***

- 1. Subject to the adoption by the Commission of the implementing act referred to in Article 16(1), when a Member State requests pre-financing together with the submission of the Plan, the Commission shall make a pre-financing payment of an amount of up to 13 % of the financial contribution. By derogation from Article 116(1) of Regulation (EU, Euratom) 2018/1046, the Commission shall make the corresponding payment within, to the extent possible, two months after the adoption by the Commission of the legal commitment referred to in Article 18.***
- 2. In cases of pre-financing under paragraph 1, the financial contributions shall be adjusted proportionally.***

Or. en

*Justification*

*To ensure that the support can be effectively rolled out from the start of the Social Climate*

*Fund, it should be possible for an amount of up to 13% of the financial contribution to be paid in the form of a pre-financing.*

## **Amendment 59**

### **Proposal for a regulation Article 14 – paragraph 1**

*Text proposed by the Commission*

1. Member States shall contribute at least to **50** percent of the total estimated costs of their Plans.

*Amendment*

1. Member States shall contribute at least to **60** percent of the total estimated costs of ***the measures and investments referred to in Article 6(1) in*** their Plans.

Or. en

## **Amendment 60**

### **Proposal for a regulation Article 14 – paragraph 1 a (new)**

*Text proposed by the Commission*

*Amendment*

***1a. Member States shall contribute at least to 50 percent of the total estimated costs of the measures and investments referred to in Article 6(2) in their Plans.***

***By way of derogation from the first paragraph, the contribution of Member States with a GDP per capita at market prices below 65 % of the Union average during the period 2016 to 2018 shall be limited to a maximum of 40 percent of the total estimated costs of the measures and investments referred to in Article 6(2) in their Plans.***

Or. en

### *Justification*

*The Rapporteurs propose to differentiate national co-financing shares based on the type of measures and investments and the relative GDP per capita of the Member States, from 60% national co-financing for temporary direct income support, to 50% national co-financing for*

*targeted structural measures, and 40% national co-financing for targeted structural measures in Member States eligible for the Modernisation Fund top-up under the ETS revision proposal.*

## **Amendment 61**

### **Proposal for a regulation**

#### **Article 14 – paragraph 2**

*Text proposed by the Commission*

2. Member States shall *inter alia* use revenues from the auctioning of their allowances in accordance with Chapter IVa of Directive 2003/87/EC for their national contribution to the total estimated costs of their Plans.

*Amendment*

2. Member States shall use revenues from the auctioning of their allowances in accordance with Chapter IVa of Directive 2003/87/EC for their national contribution to the total estimated costs of their Plans.

Or. en

*Justification*

*Member States should as a priority use national revenues from the new emissions trading scheme for buildings and road transport for their national co-financing share, in order to ensure that these national revenues contribute as much as possible to address any social impacts resulting from the new ETS. Given that the majority of revenues under the ETS 2 are national revenues, these will be more than sufficient to cover the national co-financing requirement towards the Social Climate Plan.*

## **Amendment 62**

### **Proposal for a regulation**

#### **Article 15 – paragraph 2 – point a – point i**

*Text proposed by the Commission*

(i) whether the Plan represents a response to the social impact on and challenges faced by vulnerable households, vulnerable micro-enterprises and vulnerable transport users in the Member State concerned from establishing the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, especially households in energy poverty,

*Amendment*

(i) whether the Plan represents a response to the social impact on and challenges faced by vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** and vulnerable transport users in the Member State concerned from establishing the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, especially households in energy poverty,

duly taking into account the challenges identified in the assessments of the Commission of the update of the concerned Member State's integrated national energy and climate plan and of its progress pursuant to Article 9(3), and Articles 13 and 29 of Regulation (EU) 2018/1999, as well as in the Commission recommendations to Member States issued pursuant to Article 34 of Regulation (EU) 2018/1999 in view of the long-term objective of climate neutrality in the Union by 2050. This shall take into account the specific challenges and the financial allocation of the Member State concerned;

duly taking into account the challenges identified in the assessments of the Commission of the update of the concerned Member State's integrated national energy and climate plan and of its progress pursuant to Article 9(3), and Articles 13 and 29 of Regulation (EU) 2018/1999, as well as in the Commission recommendations to Member States issued pursuant to Article 34 of Regulation (EU) 2018/1999 in view of the long-term objective of climate neutrality in the Union by 2050. This shall take into account the specific challenges and the financial allocation of the Member State concerned;

Or. en

### **Amendment 63**

#### **Proposal for a regulation**

#### **Article 15 – paragraph 2 – point b – point i**

##### *Text proposed by the Commission*

(i) whether the Plan is expected to have a lasting impact on the challenges addressed by that Plan and in particular on vulnerable households, vulnerable micro-enterprises and vulnerable transport users, especially households in energy poverty, in the Member State concerned;

##### *Amendment*

(i) whether the Plan is expected to have a lasting impact on the challenges addressed by that Plan and in particular on vulnerable households, vulnerable micro-enterprises, **vulnerable SMEs** and vulnerable transport users, especially households in energy poverty, in the Member State concerned;

Or. en

### **Amendment 64**

#### **Proposal for a regulation**

#### **Article 17 – paragraph 1**

##### *Text proposed by the Commission*

1. Where a Social Climate Plan, including relevant milestones and targets,

##### *Amendment*

1. Where a Social Climate Plan, including relevant milestones and targets,

is no longer achievable, either in whole or in part, by the Member State concerned because of objective circumstances, in particular because of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, the Member State concerned may submit to the Commission an amendment of its Plan to include the necessary and duly justified changes. Member States may request technical support for the preparation of such request.

is no longer achievable, either in whole or in part, by the Member State concerned because of objective circumstances, in particular because of the actual direct effects of the emission trading system for buildings and road transport established pursuant to Chapter IVa of Directive 2003/87/EC, the Member State concerned may, ***following, where relevant, the consultation of social partners and regional and local authorities in accordance with national law and practices***, submit to the Commission an amendment of its Plan to include the necessary and duly justified changes. Member States may request technical support for the preparation of such request.

Or. en

#### *Justification*

*Social partners and regional and local authorities can provide a valuable contribution to the implementation and amendments of the Plans as they are well placed to understand the specific sectoral and regional situation and needs. Previous experience from other Union funding indicates that the involvement of social partners and regional actors results in more targeted, efficient and successful initiatives and implementation of measures.*

## **Amendment 65**

### **Proposal for a regulation Article 18 – paragraph 1**

#### *Text proposed by the Commission*

1. After the Commission has adopted a decision as referred to in Article 16, it shall in due time conclude an agreement with the Member State concerned constituting an individual legal commitment within the meaning of Regulation (EU, Euratom) 2018/1046 covering the period **2025-2027**. That agreement may be concluded at the earliest one year before the year of the start of the auctions under Chapter IVa of Directive 2003/87/EC.

#### *Amendment*

1. After the Commission has adopted a decision as referred to in Article 16, it shall in due time conclude an agreement with the Member State concerned constituting an individual legal commitment within the meaning of Regulation (EU, Euratom) 2018/1046 covering the period **2024-2027**. That agreement may be concluded at the earliest one year before the year of the start of the auctions under Chapter IVa of Directive 2003/87/EC.

**Amendment 66****Proposal for a regulation****Article 19 – paragraph 4 – subparagraph 1***Text proposed by the Commission*

Where, as a result of the assessment referred to in paragraph 3, the Commission establishes that the milestones and targets set out in the Commission decision referred to in Article 16 have not been satisfactorily fulfilled, the payment of all or part of the financial allocation shall be suspended. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

*Amendment*

Where, as a result of the assessment referred to in paragraph 2, the Commission establishes that the milestones and targets set out in the Commission decision referred to in Article 16 have not been satisfactorily fulfilled, the payment of all or part of the financial allocation shall be suspended. The Member State concerned may present its observations within one month of the communication of the Commission's assessment.

Or. en

**Amendment 67****Proposal for a regulation****Article 19 – paragraph 7***Text proposed by the Commission*

7. Where, within 12 months of the date of the conclusion of relevant agreements referred to in Article 18, no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, the Commission shall terminate the relevant agreements referred to in Article 18 and shall de-commit the amount of the financial allocation. The Commission shall take a decision on the termination of agreements referred to in Article 18 after having given the Member State concerned the possibility to present its observations within a period of two months of the

*Amendment*

7. Where, within 12 months of the date of the conclusion of relevant agreements referred to in Article 18, no tangible progress has been made in respect of any relevant milestones and targets by the Member State concerned, the Commission shall terminate the relevant agreements referred to in Article 18 and shall de-commit the amount of the financial allocation. ***Any pre-financing in accordance with Article [13a] shall be recovered in full.*** The Commission shall take a decision on the termination of agreements referred to in Article 18 after having given the Member State concerned

communication of its assessment as to whether no tangible progress has been made.

the possibility to present its observations within a period of two months of the communication of its assessment as to whether no tangible progress has been made. ***Any decommitted amounts shall be proportionally allocated to other Member States.***

Or. en

#### *Justification*

*A technical amendment is needed to align the provision on termination of the payments with the proposal of the Rapporteurs to include a pre-financing share for the Social Climate Plans, in order to also allow any pre-financing to be fully recovered in case of termination of payments.*

### **Amendment 68**

#### **Proposal for a regulation Article 20 – paragraph 1**

##### *Text proposed by the Commission*

1. In implementing the Fund, the Member States, as beneficiaries of funds under the Fund, shall take all the appropriate measures to protect the financial interests of the Union and to ensure that the use of funds in relation to measures and investments supported by the Fund complies with the applicable Union and national law, in particular regarding the prevention, detection and correction of fraud, corruption and conflicts of interests. To this effect, the Member States shall provide an effective and efficient internal control system as further detailed in Annex III and the recovery of amounts wrongly paid or incorrectly used. Member States may rely on their regular national budget management systems.

##### *Amendment*

1. In implementing the Fund, the Member States, as beneficiaries of funds under the Fund, shall take all the appropriate measures to protect the financial interests of the Union and to ensure that the use of funds in relation to measures and investments supported by the Fund complies with the applicable Union and national law, in particular regarding the ***protection of the Union budget in the case of breaches of the principles of the rule of law***, prevention, detection and correction of fraud, corruption and conflicts of interests. To this effect, the Member States shall provide an effective and efficient internal control system as further detailed in Annex III and the recovery of amounts wrongly paid or incorrectly used. Member States may rely on their regular national budget management systems.

Or. en

## Amendment 69

### Proposal for a regulation Article 20 – paragraph 1 a (new)

*Text proposed by the Commission*

*Amendment*

***1a. In implementing the Fund, the Commission shall take all the appropriate measures in accordance with Regulation (EU, Euratom) 2020/2092 to ensure the protection of funds in relation to measures and investments supported by the Fund in the case of breaches of the principles of the rule of law in the Member States. The Commission shall provide, to that effect, an effective and efficient internal control system and the recovery of amounts wrongly paid or incorrectly used.***

Or. en

## Amendment 70

### Proposal for a regulation Article 21 – paragraph 1 – introductory part

*Text proposed by the Commission*

*Amendment*

The Commission and the Member States concerned shall, in a manner commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Fund and other Union programmes and instruments, including InvestEU Programme, the Technical Support Instrument, the Recovery and Resilience Facility, and the Funds covered by Regulation (EU) 2021/1060. For that purpose, they shall:

The Commission and the Member States concerned shall, in a manner commensurate to their respective responsibilities, foster synergies and ensure effective coordination between the Fund and other Union programmes and instruments, including ***the Modernisation Fund***, InvestEU Programme, the Technical Support Instrument, the Recovery and Resilience Facility, and the Funds covered by Regulation (EU) 2021/1060. For that purpose, they shall:

Or. en

## Amendment 71

### Proposal for a regulation

#### Article 21 – paragraph 1 – point c

*Text proposed by the Commission*

(c) ensure close cooperation between those responsible for implementation and control at Union, national and, where appropriate, regional levels to achieve the objectives of the Fund.

*Amendment*

(c) ensure close cooperation between those responsible for implementation and control at Union, national and, where appropriate, regional levels, ***including social partners in accordance with national law and practices***, to achieve the objectives of the Fund.

Or. en

*Justification*

*Social partners can provide a valuable contribution to ensuring coordination and complementarity with other Union funding and existing financial instruments, in particular in the area of investments and skills for the green transition. Social partners can build on the experience gathered from their involvement with the implementation of the RRF. They are also well placed to understand the specific sectoral and regional situation and needs.*

## Amendment 72

### Proposal for a regulation

#### Article 22 – paragraph 2

*Text proposed by the Commission*

***2. The recipients of Union funding shall acknowledge the origin of those funds and ensure the visibility of the Union funding, in particular when promoting the actions and their results, by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.***

*Amendment*

***deleted***

Or. en

*Justification*

*See Article 22a*

**Amendment 73**

**Proposal for a regulation**  
**Article 22 a (new)**

*Text proposed by the Commission*

*Amendment*

**Article 22a**

***Visibility of Union funding***

**1. Each Member State shall ensure:**

**(a) the visibility for intermediary entities and final beneficiaries of Union support in all activities relating to operations supported by the Fund;**

**(b) communication to Union citizens of the role and achievements of the Fund through a single website portal providing access to all programmes involving that Member State.**

**2. Member States shall acknowledge, and where applicable shall ensure that intermediary entities acknowledge, support from the Fund and the origin of those funds by:**

**(a) ensuring the visibility of the Union funding to the final beneficiaries and the public, including by displaying the emblem of the Union and an appropriate funding statement that reads ‘funded by the European Union – Social Climate Fund’ on documents and communication material relating to the implementation of the operation intended for the final beneficiaries or for the public;**

**(b) providing on their official website, where such a site exists, and social media sites, a short description of the operation, proportionate to the level of support, including its aims and results, and highlighting the financial support from**

*the Union;*

*(c) displaying for operations involving physical investment or equipment durable plaques or billboards clearly visible to the final beneficiaries and the public, that present the emblem of the Union, as soon as the physical implementation of operations involving physical investment starts or purchased equipment is installed;*

*(d) communicating for operations involving financial instruments, including for temporary direct income support in accordance with Article 6(1), the amount of support from the Fund to the final recipients.*

*3. Where a Member State does not comply with the obligations under paragraphs 1 and 2, and where remedial actions have not been put into place, the Commission shall apply measures, taking into account the principle of proportionality, that cancel up to 5 % per year of the support from the Fund to the Member State concerned.*

Or. en

#### *Justification*

*To ensure the visibility of Union support for each and every type of measures and investments under the Social Climate Plans, including for temporary direct income support, the Rapporteurs propose to strengthen the obligations for Member States and intermediate entities, such as banks, public-private enterprises or large construction companies, to ensure the visibility of Union funding to the final recipients. Member States or intermediary entities that do not comply with these obligations should face a 5% penalty of their support.*

#### **Amendment 74**

##### **Proposal for a regulation**

##### **Article 23 – paragraph 1 – introductory part**

*Text proposed by the Commission*

1. Each Member State concerned shall, on a biennial basis, report to the Commission on the implementation of its

*Amendment*

1. Each Member State concerned shall, on a biennial basis, **and in close consultation with social partners and**

Plan as part of its integrated national energy and climate progress report pursuant to Article 17 of Regulation (EU) 2018/1999 and in accordance with Article 28 thereof. The Member States concerned shall include in their progress report:

***regional and local authorities in accordance with national law and practices***, report to the Commission on the implementation of its Plan as part of its integrated national energy and climate progress report pursuant to Article 17 of Regulation (EU) 2018/1999 and in accordance with Article 28 thereof. The Member States concerned shall include in their progress report:

Or. en

#### *Justification*

*Social partners and regional and local authorities can provide a valuable contribution to the implementation and monitoring of the Plans as they are well placed to understand the specific sectoral and regional situation and needs. Previous experience from other Union funding indicates that the involvement of social partners and regional actors results in more targeted, efficient and successful initiatives and implementation of measures.*

#### **Amendment 75**

##### **Proposal for a regulation Article 23 – paragraph 1 – point a**

###### *Text proposed by the Commission*

(a) detailed quantitative information on the number of households in energy poverty;

###### *Amendment*

(a) detailed quantitative information on the number of households in energy ***and transport*** poverty, ***in particular vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and vulnerable transport users as defined in Article 2;***

Or. en

#### **Amendment 76**

##### **Proposal for a regulation Article 23 – paragraph 1 – point b**

###### *Text proposed by the Commission*

(b) ***when applicable***, detailed

###### *Amendment*

(b) detailed information on progress

information on progress towards the national indicative **objective** to reduce the number of households in energy poverty;

towards the national indicative **targets and objectives** to reduce the number of households in energy **and transport** poverty, **in particular vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and vulnerable transport users**;

Or. en

#### **Amendment 77**

##### **Proposal for a regulation Article 23 – paragraph 2 a (new)**

*Text proposed by the Commission*

*Amendment*

**2a. The Commission shall monitor the share of costs related to the surrender of allowances under Chapter IVa of Directive 2003/87/EC absorbed by fuel suppliers and passed on to final consumers. The Commission shall annually report its findings to Parliament.**

Or. en

#### **Amendment 78**

##### **Proposal for a regulation Article 23 – paragraph 4**

*Text proposed by the Commission*

*Amendment*

4. The Commission shall be empowered to adopt delegated acts in accordance with Article 25 to supplement this Regulation in order to set out the common indicators to be used for reporting on the progress and for the purpose of monitoring and evaluation of the Fund towards the achievement of the objectives set out in Article 1.

4. The Commission shall be empowered to adopt delegated acts in accordance with Article 25 to supplement this Regulation in order to set out the common indicators to be used for reporting on the progress and for the purpose of monitoring and evaluation of the Fund towards the achievement of the objectives set out in Article 1. **The Commission shall adopt those delegated acts no later than .../6 months after the entry into force of**

*this Regulation].*

Or. en

*Justification*

*Harmonised reporting formats and criteria should be established as soon as possible before the effective start of the Plans.*

**Amendment 79**

**Proposal for a regulation**  
**Article 24 – paragraph 1**

*Text proposed by the Commission*

1. By **1 July 2028**, the Commission shall provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an evaluation report on the implementation and functioning of the Fund.

*Amendment*

1. By **31 July 2026**, the Commission shall provide the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions with an evaluation report on the implementation and functioning of the Fund.

Or. en

*Justification*

*A first evaluation should be conducted in 2026, in time for the negotiations on the next MFF.*

**Amendment 80**

**Proposal for a regulation**  
**Article 26 – paragraph 2**

*Text proposed by the Commission*

It shall apply from the date by which the Member States **shall bring** into force the laws, regulations and administrative provisions necessary to comply with Directive (EU) [yyyy/nnn] of the European Parliament and the Council<sup>64</sup> amending Directive 2003/87/EC as regards Chapter IVa of Directive 2003/87/EC.

*Amendment*

It shall apply from the date by which the Member States **bring** into force the laws, regulations and administrative provisions necessary to comply with Directive (EU) [yyyy/nnn] of the European Parliament and the Council<sup>64</sup> amending Directive 2003/87/EC as regards Chapter IVa of Directive ..../..../EC [(COD)2021/0211] **and enshrine into law an objective of**

***economy-wide net zero greenhouse gas emissions by 2050 at the latest.***

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<sup>64</sup> [Directive (EU) yyyy/nnn of the European Parliament and of the Council... (OJ .....)] [Directive amending Directive 2003/87/EC]

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<sup>64</sup> [Directive (EU) yyyy/nnn of the European Parliament and of the Council... (OJ .....)] [Directive amending Directive 2003/87/EC]

Or. en

*Justification*

*The Rapporteurs move forward two preconditions to receive support from the Social Climate Fund: application of the polluter-pays-principle to building heating and cooling and road transport through the new emissions trading system in these sectors, and the climate neutrality commitment of Member States. Commitment to climate neutrality by 2050 and access to the Fund should go hand in hand.*

## EXPLANATORY STATEMENT

### A. Background

The Social Climate Fund Regulation is part of the Commission's broader efforts under the European Green Deal to cut the greenhouse gas emissions in the European Union by 55% in 2030 compared to 1990 and to ensure that every European citizen is able to make this energy transition. This Fund is connected to the Commission's proposal establishing a new European Emissions Trading System<sup>1</sup> (ETS2) to cover buildings and road transport emissions in two ways:

- Revenue stemming from the new ETS is used to finance the fund and co-finance SCF measures undertaken by Member States.
- The Fund helps vulnerable citizens, households and enterprises who are disproportionately impacted by the new ETS.

The raison d'être of the Fund is therefore to support vulnerable citizens, households and enterprises, as well as vulnerable transport users to make the climate transition and become more sustainable in their consumption, through concrete measures.

Two types of measures are envisaged: firstly, concrete investments aimed at decarbonising the road transport and building sectors; secondly, temporary direct income/social support serving as a safety net to those without adequate and affordable low-emission alternatives who will be most adversely affected by carbon price increases.

As well as being a climate fund, the SCF has a fundamental social dimension. These two aspects work hand in hand to help make the EU's green transition a socially fairer one. While fighting the enormous challenges of climate change, the SCF is thus an important tool to avoid disproportionately harming lower-income and middle-income citizens at risk of energy and transport poverty, thus supporting the EU's efforts in evolving into a greener economy through a transition that 'leaves no-one behind'<sup>2</sup>.

### B. Target and Scope

The Commission estimates households will be spending between 0,7 to 0,8 percentage points more on their energy bills, as stated in the impact assessment of the Commission on the Fit for 55 package<sup>3</sup>. Those with a lower income, who already spend an above-average share on energy, will be most affected by the inclusion of road transport and households in the new ETS. The Social Climate Fund is therefore aimed at vulnerable citizens, households, micro-enterprises and SMEs, including those at risk of energy poverty and transport poverty. Absent any outstanding Union-level definitions, the proposal of the Rapporteurs seeks to establish an EU definition of energy poverty and introduces a definition for transport poverty. This includes vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and transport users who enjoy few or no adequate and affordable alternatives to fossil fuels in the building and transport sectors. In order to ensure that funding reaches those most in need, Member

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<sup>1</sup> Chapter IVa of Directive 2003/87/EC

<sup>2</sup> State of the Union, September 2020, European Commission President Ursula von der Leyen.

<sup>3</sup> COM/2021/568

States are required to report regularly about the state of energy and transport poverty and how the measures included in their Social Climate Plans contribute to addressing this challenge. Furthermore, support from the Fund for the purchase of an electrical vehicle should be limited to basic or mid-range cars, also with a view to quickly developing a second-hand electrical car market.

Financial intermediaries, such as banks, as well as consultancies and climate advice agencies should in the view of the rapporteurs not be the primary beneficiaries of the Social Climate Fund. Vulnerable SMEs, on the other hand, are added to the list of eligible beneficiaries.

### **C. Social Climate Plans**

Under the Regulation, Member States have the responsibility to allocate the Social Climate Fund according to the specific needs of regions and communities. Member States shall be required to draft Social Climate Plans and submit them to the Commission, framed in the context of commitments made in existing National Energy and Climate Plans, which are due to be updated for each Member State in accordance with Regulation (EU) 2018/1999 of the European Parliament and the Council ('the Governance Regulation').<sup>4</sup>

The Rapporteurs propose to much better target, monitor and measure the Plans and eligible measures to ensure the highest added value and cost-effectiveness in supporting households to become more sustainable while contributing to overall greenhouse gas reductions.

To stimulate Member States to target those measures with the highest added value and cost-effectiveness, the Commission should provide detailed guidance before the start of the Plans on measures and investments likely to reap the highest benefits, monitor the impact of the Member States' Plans on a regular basis, and update its guidance based on best practices. In addition, the Rapporteurs consider it essential to involve social partners and regional authorities from the start to ensure the Plans have broad support and are attuned to the reality on the ground. Finally, Member States will be expected to set concrete objectives and commit to a robust implementation timeline with reporting, with input from social partners on progress towards the national targets and objectives to reduce energy and transport poverty.

With regard to the eligible measures and investments, the Rapporteurs recognise that temporary direct income may in some cases be beneficial to provide short-term bridging support until structural measures and investments effectively kick-in and demonstrate their full impact, but propose that such measures should not exceed 25% of the total estimated costs of the Plan and should be limited to a three-year transitional period, to avoid drawing resources away from more sustainable, long-lasting measures and investments. Structural investments and measures should stimulate renovation through vouchers, give financial and fiscal support, give education, develop a second-hand market for electrical vehicles. These measures should also benefit those households who already receive a form of support today, for example through social energy tariffs, as those are the households who may need support the most.

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<sup>4</sup> Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Council Directives 2009/119/EC and (EU) 2015/652 and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council (OJ L 328, 21.12.2018, p. 1).

To ensure a successful renovation wave and rollout of zero-emission mobility, it is also essential to ensure a workforce trained to carry out the rapidly increasing amount of building renovations and deployment of alternative fuel infrastructure required. Therefore, the Rapporteurs propose to include this type of targeted training and reskilling in the Plans, with an upper limit to ensure that it does not displace other key objectives of the Fund, and always in coordination with Member States' broader training and reskilling programmes under the Just Transition Fund and European Social Fund Plus.

Finally, the Rapporteurs support the principle that support from the Fund must fully respect the principle of 'do no significant harm' within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council.<sup>5</sup>

#### **D. Visibility and conditionality**

The Parliament attached great importance to the access to rule of law and the visibility of Union's Funds to final beneficiaries. The Rapporteurs underline the link between the Social Climate Fund and the rule of law. This is in line with the European rule of law mechanism.

Another criterion that the two Rapporteurs want to add is the climate neutrality commitment of Member States. Commitment to climate neutrality by 2050 and access to the Fund should go hand in hand.

Finally, it should be noted that the European Union established the Social Climate Fund to help European citizens. The public's understanding of the Union's finances is critical for transparency and popular support of the energy transition. Therefore, the Rapporteurs propose to strengthen the obligation on Member States and intermediaries to inform the final beneficiaries of the Social Climate Fund about the Union's funding involved.

#### **E. Budget**

Although the obligation to purchase emission allowances formally concerns the proposed regulated entities, it is expected that (part of) these costs will be passed on to the final consumer. Any revenue resulting from such application of the polluter-pays-principle to citizens households and SMEs should also benefit them, in particular those in a vulnerable position at risk of transport and energy poverty, by temporarily providing income support or by helping them to become more sustainable in their consumption. The Fund should therefore correspond and react to the actual price impacts resulting from the application of this polluter-pays-principle. The Rapporteurs therefore propose that the financial envelope of the Fund should be set at least at EUR 72 200 000 000, as proposed by the Commission and that any EU-revenue from the new emissions trading system should go to the Social Climate Fund. When carbon prices increase, the Fund should also increase to proportionally address the impacts felt by vulnerable households, micro-enterprises, SMEs and transport users. Taking

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<sup>5</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

into account that structural measures and investments take time to implement and show effect, the implementation is proposed to start one year earlier, from 2025 to 2024, to kick-start investment cycles as soon as possible to make vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and vulnerable transport users benefit from the Fund as quickly as possible.

In line with this principle and to avoid a slow uptake of funds, the Rapporteurs propose to make a pre-financing share of up to 13% available to Member States, subject to the requirements in the Regulation. In addition, to make the best use of the Social Climate Fund, support under the Fund should as much as possible complement and work in synergy to other Union and national programmes, instruments and funds, without however replacing existing national spending.

## **F. Member State Allocation and Co-Financing**

The proportional allocation to Member States is based on an allocation key that should ensure a fair allocation to all Member States and is based on objective criteria taking into account, in equal measure, the predicted effects on vulnerable households, vulnerable micro-enterprises, vulnerable SMEs and vulnerable transport users. The key considers populations at risk of poverty (AROPE) living in rural populations. These AROPE households in arrears over utility bills, and household carbon dioxide emissions over a three-year average. There are further adjustments for lower-income Member States.

Support from the Fund should be targeted to measures and investment with the highest cost-effectiveness and added value in terms of supporting households to be more sustainable in their consumption. Therefore, the rapporteurs propose differentiated co-financing rules to reflect a preference for lasting investments that promote decarbonisation and energy efficiency. For temporary direct income measures under Article 6§1, Member States will finance at least 60%. For investments, which have a more structural effect, under Article 6§2, Member States will in general co-finance at least 50%, as proposed by the Commission, but the rapporteurs suggest lowering this national co-financing requirement to 40% for Member States with a GDP per capita at market prices below 65% of the Union average during the period 2016-2018.